

**MINUTES OF THE
PRIVATELY OWNED HEALTH CARE ORGANIZATION TASK FORCE**

Thursday, July 21, 2005 – 1:00 p.m. – Room W135 House Building

Members Present:

Sen. Michael G. Waddoups, Senate Chair
Rep. David Clark, House Chair
Sen. Gene Davis
Sen. John W. "Bill" Hickman
Sen. Ed Mayne
Rep. Stephen D. Clark
Speaker Greg J. Curtis
Rep. Brad L. Dee
Rep. James A. Dunnigan
Rep. Patricia W. Jones
Rep. Bradley G. Last
Rep. Rebecca D. Lockhart

Members Absent:

Sen. Peter C. Knudson
Sen. Mark B. Madsen
Rep. Jackie Biskupski

Staff Present:

Ms. Constance C. Steffen, Policy Analyst
Ms. Allison Morgan, Policy Analyst
Ms. Patricia Owen, Associate General Counsel
Ms. Joy L. Miller, Legislative Secretary

Note: A list of others present, copy of related materials, and an audio recording of the meeting can be found at www.leg.utah.gov.

1. Task Force Business

Chair Waddoups called the meeting to order at 1:20 p.m. Sen. Knudson, Sen. Madsen, and Rep. Biskupski were excused from the meeting.

Ms. Steffen distributed "Revised Minutes of the Privately Owned Health Care Organization Task Force" for the July 7, 2005 meeting. The minutes were revised to clarify the comments of Mr. Scott Barlow.

MOTION: Rep. Jones moved to approve the revised minutes of the July 7, 2005 meeting. The motion passed unanimously with Sen. Davis, Sen. Hickman, Speaker Curtis, Rep. Dunnigan, Rep. Last, and Rep. Lockhart absent for the vote.

2. Health Insurance Panel Discussion

A panel of health insurers and other health care industry representatives resumed a discussion of health insurance issues that began at the previous meeting.

Mr. Mike Bahr, President, Altius Health Plans, questioned whether IHC's (Intermountain Health Care) size and characteristics, i.e., an integrated health system, nonprofit hospitals, exclusive and direct contracts, and limited physician networks, create a disproportional or dysfunctional market. He suggested that an RFP (Request for Proposals) examine how IHC's size and philosophy affect the provider community, hospital structure, and consumers.

Mr. Jack Towsley, MountainStar Health Care; Ms. Jennifer Cannaday, Regence Blue Cross/Blue Shield; and Mr. Bahr expressed the importance of pricing transparency. Mr. Bahr explained that employers' premium rates are fixed, and if a hospital makes a price change, the insurance carrier cannot pass the rate change onto the employer. It is important, therefore, for a hospital to establish the criteria and

circumstances for rate changes. Pricing transparency can also help consumers, because it enables an insurance carrier to weigh cost versus access. Some employers are willing to pay more for greater access, while other employers prefer to keep costs low.

Mr. Greg Poulsen, IHC, identified some of the criteria used to set hospital discounts given to insurance carriers, including volume, directability, i.e., the degree to which an insurance plan directs patients to a particular hospital, quality, and ease of use.

Sen. Hickman inquired whether IHC's hospital charges to an insurance carrier for a particular procedure are the same throughout the state. Mr. Poulsen, explained that the charges vary based on the acuity of the patients at a hospital. Hospitals that care for patients that are older or may have more complications, such as LDS Hospital, charge more for a procedure than hospitals that care for healthier patients.

MOTION: Rep. Jones moved to move to item 2 on the agenda, Expert Services.

SUBSTITUTE MOTION: Rep. D. Clark moved to continue discussion for another 15 minutes. The motion passed unanimously.

Rep. D. Clark noted that the state offers three health plans, an IHC network plan, a non-IHC network plan, and a preferred plan that gives members a choice of IHC and non-IHC hospitals. Although the preferred plan and the IHC plan have roughly the same number of members, the cost to the state for the IHC plan is less. Mr. Poulsen acknowledged that it is the exclusivity of the IHC plan that warrants the lower cost. He explained that exclusivity allows a hospital system to operate more efficiently.

Motion: Rep. Dunnigan moved to extend the time for discussion by one minute for a question of Rep. Dunnigan and one minute for a question of Rep. S. Clark. The motion passed unanimously.

In response to Rep. S. Clark's question about whether IHC should be divested, Ms. Kim Wirthlin, University of Utah, Ms. Cannaday, Mr. Towsley, and Mr. Bahr said "no." Mr. Towsley explained that vertically integrated systems in themselves are not a problem, it is IHC's size with 55% of the hospital market in the state that is a problem.

Rep. Dunnigan asked the panelists to submit in writing how the Task Force can help them and help Utahns have a better health care delivery system.

3. Expert Services

Ms. Steffen distributed and reviewed "General Background Information" which explains the purpose of an RFP that may be issued by the Task Force and lists various research tasks and questions. The purpose of the RFP is to contract with an individual or entity to: 1) examine the performance of health care markets in Utah to determine how the performance of those markets impacts consumers in terms of the cost and quality of, and access to health care; 2) address specific questions regarding the performance of the health care markets in Utah; and 3) make recommendations on how to improve the functioning of health care markets. The research tasks and questions outlined in the document have been divided into questions

regarding health care financing and hospitals. Those questions were submitted by various health care agencies.

MOTION: Sen. Hickman moved to develop not more than four RFPs in various areas based on the Memorandum of Understanding between IHC and the Legislature. The criteria can be developed between now and the September meeting. The studies would run parallel to each other.

SUBSTITUTE MOTION: Rep. Jones moved to develop RFPs to study market penetration, impact of divestiture, and charitable care as was agreed to in a motion passed in the June 22 meeting. The substitute motion failed with Rep. Jones and Rep. Davis voting in the affirmative. Rep. S. Clark and Speaker Curtis were absent for the vote.

The Task Force voted on the original motion which passed unanimously. Rep. S. Clark was absent for the vote.

4. Access to Health Care Providers

Ms. Dupont distributed and discussed "Overview of Utah's Access to Rural Health Care Provider Law." Ms. Dupont noted there is a common assumption that Utah has a rural any willing provider law. Utah Code Section 31A-8-501 requires HMOs to pay for health care services rendered to an enrollee by an independent hospital, a staff member credentialed at an independent hospital, or a federally qualified health center if certain specific requirements are met and if several exceptions do not apply. The original purpose of the act was to get HMOs to contract with rural providers so enrollees did not have to travel long distances for care. After several amendments, the focus has shifted to one of supporting community rural hospitals and making sure they have an adequate patient base. Ms. Dupont gave examples which indicate that the statute has a very narrow application. She outlined issues that the Task Force may want to address.

Rep. Lockhart requested that the issue be considered when the Task Force studies access to health care providers at a later date.

5. Other Items / Adjourn

The following meetings were scheduled for the Task Force: Thursday, August 25 at 1:00 p.m.; Thursday, September 8 at 1:00 p.m.; and Thursday, September 22 at 9:00 a.m.

MOTION: Sen. Davis moved to adjourn the meeting. The motion passed unanimously.

The meeting was adjourned at 3:30 p.m.